

Financial statements of

**The Perley and Rideau Veterans'  
Health Centre Foundation**

December 31, 2015

# The Perley and Rideau Veterans' Health Centre Foundation

December 31, 2015

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## Independent Auditor's Report

To the Directors of  
The Perley and Rideau Veterans' Health Centre Foundation

We have audited the accompanying financial statements of The Perley and Rideau Veterans' Health Centre Foundation which comprise the statement of financial position as at December 31, 2015, and the statements of operations and fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Perley and Rideau Veterans' Health Centre Foundation as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**Other Matter**

The statement of financial position as at December 31, 2014 and the statements of operations and fund balances and cash flows for the year then ended were audited by another auditor who issued an unmodified opinion on May 13, 2015.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants

May 18, 2016

# The Perley and Rideau Veterans' Health Centre Foundation

Statement of financial position  
as at December 31, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	443,041	416,644
Amounts receivable	39,003	41,229
Receivable from The Perley and Rideau Veterans' Health Centre (Note 3)	-	5,238
	<b>482,044</b>	463,111
Investments (Note 4)	<b>5,092,438</b>	4,703,280
	<b>5,574,482</b>	5,166,391
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	64,240	72,469
Payable to The Perley and Rideau Veterans' Health Centre (Note 3)	83,692	-
	<b>147,932</b>	72,469
<b>Fund balances</b>		
Restricted	469,789	459,843
Unrestricted	4,956,761	4,634,079
	<b>5,426,550</b>	5,093,922
	<b>5,574,482</b>	5,166,391

On behalf of the Board



Director



Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# The Perley and Rideau Veterans' Health Centre Foundation

Statement of operations and fund balances  
year ended December 31, 2015

			2015	2014
	Restricted fund	Unrestricted fund	Total	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Donations	388,060	837,615	1,225,675	812,686
Capital campaign (Note 6)	376,190	-	376,190	1,018,542
Investment income	12,316	157,443	169,759	155,257
Realized gains on sale of investments	66	12,913	12,979	115,854
Other income	-	1,391	1,391	9,744
	<b>776,632</b>	<b>1,009,362</b>	<b>1,785,994</b>	<b>2,112,083</b>
<b>Expenses</b>				
Fundraising	-	308,311	308,311	302,552
Programs	-	140,219	140,219	114,955
Administrative	-	251,845	251,845	311,365
	-	<b>700,375</b>	<b>700,375</b>	<b>728,872</b>
Excess of revenue over expenses, before the undernoted items	776,632	308,987	1,085,619	1,383,211
Change in unrealized gains and losses on investments	(4,972)	50,727	45,755	24,177
Donations to The Perley and Rideau Veterans' Health Centre (Note 3)	(725,040)	(37,032)	(762,072)	(1,249,383)
McDermott House Donation	(36,674)	-	(36,674)	-
Excess of revenue over expenses	9,946	322,682	332,628	158,005
Fund balances, beginning of year	459,843	4,634,079	5,093,922	4,935,917
<b>Fund balances, end of year</b>	<b>469,789</b>	<b>4,956,761</b>	<b>5,426,550</b>	<b>5,093,922</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# The Perley and Rideau Veterans' Health Centre Foundation

Statement of cash flows  
year ended December 31, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses	332,628	158,005
Item not affecting cash		
Change in unrealized gains and losses on investments	(45,755)	(24,177)
Changes in non-cash operating working capital items		
Amounts receivable	2,226	4,790
Accounts payable and accrued liabilities	(8,229)	21,848
	<b>280,870</b>	<b>160,466</b>
<b>Investing activity</b>		
Net investment activity	(343,403)	142,933
<b>Financing activity</b>		
Change in due to/due from The Perley and Rideau Veterans' Health Centre	88,930	(64,574)
Net increase in cash and cash equivalents	26,397	238,825
Cash and cash equivalents, beginning of year	416,644	177,819
<b>Cash and cash equivalents, end of year</b>	<b>443,041</b>	<b>416,644</b>
<b>Cash and cash equivalents consist of</b>		
Cash	145,916	128,009
Cash equivalents	297,125	288,635
	<b>443,041</b>	<b>416,644</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# The Perley and Rideau Veterans' Health Centre Foundation

Notes to the financial statements  
December 31, 2015

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## 1. Nature of organization

The Perley and Rideau Veterans' Health Centre Foundation (the "Foundation") was incorporated without share capital under Part II of the Canada Corporations Act. Effective January 1, 2014, the Foundation continued their articles of incorporation under the Canada Not-for-profit Corporations Act. The Foundation is a registered charity under the Income Tax Act (Canada). (Charitable Registration No. 12194 8038 RR 0001).

The mission of the Foundation is to organize and manage a comprehensive resource development program, which seeks supplementary revenue for capital expansion, equipment needs, expanded resident programs and research and education for The Perley and Rideau Veterans' Health Centre (the "Centre").

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations and include the following significant accounting policies:

### *Fund accounting*

In accordance with the principles of fund accounting, the Foundation maintains its accounting records to ensure that limitations and restrictions placed on the use of available resources are observed. Under this method, all resources are classified for accounting and reporting purposes into funds that are in accordance with specific activities and objectives. Accordingly, separate accounts are maintained for the following funds: Restricted Fund and Unrestricted Fund.

The Restricted Fund accounts for donations for specific purposes as designated by the donor.

The Unrestricted Fund accounts for the operations and administrative activities of the Foundation. This Fund reports unrestricted contributions.

### *Revenue recognition*

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions are recognized as revenue of the Restricted Fund in the year received.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Because of the uncertainty of the collectability of pledges, the Foundation only recognizes pledges in the year received.

Investment income includes interest income and dividends and is recognized when earned.

### *Cash and cash equivalents*

Cash and cash equivalents include cash on deposit with financial institutions, demand deposits, money market funds and short-term investments with maturities of less than three months at acquisition.

### *Expenses*

In the Statement of operations and fund balances, the Foundation presents its expenses by function.

Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Foundation does not allocate expenses between functions after initial recognition.



# The Perley and Rideau Veterans' Health Centre Foundation

Notes to the financial statements  
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## 2. Significant accounting policies (continued)

### *Financial instruments*

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all its financial assets and liabilities at amortized cost except for cash and cash equivalents and investments, which are measured at fair value.

Investments are measured at fair value without any adjustment for transaction costs it may incur on sale or other disposal. All changes in fair value are recorded in the statement of revenue and expenses.

### *Contributed materials and services*

Volunteers contribute many hours to assist the Foundation in carrying out its service delivery activities. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements. The Foundation records the value of donated materials and services (value in kind) when a fair value can be reasonably estimated and when the materials and services would normally be purchased by the Foundation.

### *Use of estimates*

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates are used in determining the fair value of investments and the amount of certain accrued liabilities. Actual results could differ from those estimates.

## 3. The Perley and Rideau Veterans' Health Centre

The Centre has an economic interest in the Foundation. The Foundation seeks donations for capital expansion, equipment needs, expanded resident programs and research and education. During the year ended December 31, 2015, donations to the Centre were as follows:

	<b>Gifts-in-kind</b>	<b>Cash donations</b>	<b>2015</b>	<b>2014</b>
	\$	\$	\$	\$
Programs and capital expenditures	22,400	415,672	438,072	300,405
Seniors housing	-	324,000	324,000	948,978
	<b>22,400</b>	<b>739,672</b>	<b>762,072</b>	<b>1,249,383</b>

The Centre initially pays for the operating expenses of the Foundation but does charge them back to the Foundation. During the year, the Centre charged the Foundation for services related to: accounting human resources and information systems as well as occupancy in the amount of \$32,240 (2014 - \$33,080). As at December 31, 2015 the Foundation owed the Centre \$83,692 (2014 - receivable from the Centre for \$5,238), which was non-interest bearing and without terms of repayment.

# The Perley and Rideau Veterans' Health Centre Foundation

Notes to the financial statements  
December 31, 2015

## 4. Investments

	2015		2014			
	FMV	% of FMV	Cost	FMV	% of FMV	Cost
	\$		\$	\$		\$
Canadian Corporate Bonds	1,263,928	25	1,252,064	1,334,660	28	1,313,675
Canadian Provincial Bonds	1,056,351	21	1,015,454	907,047	19	862,978
Canadian Preferred Shares	228,521	4	253,254	164,779	4	160,278
<b>Total fixed income</b>	<b>2,548,800</b>	<b>50</b>	<b>2,520,772</b>	<b>2,406,486</b>	<b>51</b>	<b>2,336,931</b>
Canadian equity	1,087,633	21	891,303	1,015,706	22	730,232
U.S. equity	893,933	18	534,891	795,600	17	521,294
Global equity	562,072	11	396,789	485,488	10	411,895
<b>Total equity</b>	<b>2,543,638</b>	<b>50</b>	<b>1,822,983</b>	<b>2,296,794</b>	<b>49</b>	<b>1,663,421</b>
	<b>5,092,438</b>	<b>100</b>	<b>4,343,755</b>	<b>4,703,280</b>	<b>100</b>	<b>4,000,352</b>

Bonds are bearing interest at rates varying from 2.1% to 8.5% (2014 - from 2.1% to 8.5%) with maturities ranging from February 22, 2016 to December 2, 2025 (2014 - from June 26, 2015 to December 2, 2025).

Included in the Foundation's investments are investments that have been made with restricted donations. Restricted investments consist of:

	2015		2014			
	FMV	% of FMV	Cost	FMV	% of FMV	Cost
	\$		\$	\$		\$
Canadian Corporate Bonds	93,089	28	93,955	103,664	29	104,100
Canadian Provincial Bonds	50,023	15	49,447	50,137	14	49,447
Canadian Preferred Shares	29,286	9	37,551	36,329	10	36,780
<b>Total fixed income</b>	<b>172,398</b>	<b>52</b>	<b>180,953</b>	<b>190,130</b>	<b>53</b>	<b>190,327</b>
Canadian equity	75,267	22	77,850	81,271	23	76,786
U.S. equity	53,178	16	33,801	52,354	15	37,836
Global equity	33,148	10	25,236	31,922	9	29,605
<b>Total equity</b>	<b>161,593</b>	<b>48</b>	<b>136,887</b>	<b>165,547</b>	<b>47</b>	<b>144,227</b>
	<b>333,991</b>	<b>100</b>	<b>317,840</b>	<b>355,677</b>	<b>100</b>	<b>334,554</b>

## 5. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$144 (2014 - \$143), which include amounts payable for harmonized sales tax, employer health tax and payroll-related remittances.

# The Perley and Rideau Veterans' Health Centre Foundation

Notes to the financial statements  
December 31, 2015

## 6. Capital campaign

In 2011, the Foundation started soliciting donations for a building Capital Campaign in order to raise funds for costs associated with two new seniors buildings. Donations to the Capital Campaign received, net of related fundraising expenses, are as follows:

	Received during the year (net)	Received in prior years (net)	Received cumulative to date (net)	Outstanding pledges as at December 31, 2015	2015 Total	2014 Total
	\$	\$	\$	\$	\$	\$
Capital campaign	322,741	2,522,705	2,845,446	175,271	3,020,717	2,829,446

## 7. Financial instruments and risk management

Risks arising from financial instruments:

The Foundation is exposed to interest rate, credit, foreign currency and other market risks from its investment portfolio.

Interest rate risk refers to the adverse consequences of interest rate changes. The Foundation has investments in bonds with fixed rates, which are subject to this risk. The value of fixed rate instruments will generally rise if interest rates fall and fall if interest rates rise.

Credit risk is the risk of financial loss if a member or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Foundation's investments in bonds.

Foreign currency risk refers to the extent to which instruments denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to other currencies. The Foundation's exposure to foreign currency risk arises from its holdings of non-Canadian financial instruments. At year end, the Foundation held U.S. dollar and other foreign denominated investments for a total amount of \$1,456,005 (2014 - \$1,281,088).

Market volatility risk is generally inherent in the Foundation's investment portfolio and refers to the extent that the fair value or future cash flows from financial instruments will fluctuate because of changes in various other market factors affecting equity prices, including general economic conditions.

The Foundation mitigates the above noted risk through the use of investment policies and managers, whose objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

## 8. Comparative Information

Certain comparative information has been reclassified to conform with the financial presentation adopted in the current year.